

# **Additional Education Funding House File 2792**

Last Action:

**House Floor**

May 2, 2006

## **Executive Summary Only**

**An Act relating to education finances, including the funding of, operation of, and appropriation of moneys to the department of education, the department of management, and the state board of regents, providing for participation in an instructional support program by school districts, relating to education standards and services by providing for a statewide core curriculum and standards study, providing for adjusted additional property tax levy aid for school districts, allocating and restricting utilization of local option sales and services tax moneys under specified circumstances, providing for an equity in property taxation interim study, making an appropriation, providing for an increase in the number of years for which supplementary weighting for limited English proficient students may be obtained, and providing effective and applicability dates.**

**Fiscal Services Division  
Legislative Services Agency**

## **NOTES ON BILLS AND AMENDMENTS (NOBA)**

Available on line at <http://www3.legis.state.ia.us/noba/index.jsp>

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# EXECUTIVE SUMMARY NOTES ON BILLS AND AMENDMENTS

# HOUSE FILE 2792 ADDITIONAL EDUCATION FUNDING

## DIVISION I:

### STUDENT ACHIEVEMENT AND TEACHER QUALITY

- Appropriates \$104,593,894 from the General Fund to the Department of Education for FY 2007 for the Student Achievement and Teacher Quality Program.
- Appropriates \$139,593,894 from the General Fund to the Department of Education for FY 2008 for the Student Achievement and Teacher Quality Program.
- Appropriates \$174,593,894 from the General Fund to the Department of Education for FY 2009 for the Student Achievement and Teacher Quality Program.
- Provides the following changes to allocations from the Student Achievement and Teacher Quality Program appropriations:
  - An increase of \$250,000 for National Board Certification awards in FY 2007 through FY 2009.
  - A new sub-allocation of up to \$250,000 from the allocation for National Board Certification awards to support implementation of a National Board Certification Support Program.
  - An increase of \$450,000 for Beginning Teacher Mentoring and Induction in FY 2007 and succeeding years.
  - An increase of \$210,000 for Career Development and Evaluator Training in FY 2007 through FY 2009.
  - A new allocation to the Department of Education for market factor salaries as follows:
    - FY 2007 - \$3.4 million
    - FY 2008 - \$7.5 million
    - FY 2009 - \$10.0 million
  - A new allocation to the Department of Management for a Pay for Performance Program as follows:
    - FY 2007 - \$1.0 million, including a sub-allocation of \$150,000 for the Institute for Tomorrow's Workforce
    - FY 2008 - \$2.5 million
    - FY 2009 - \$5.0 million
- Increases the minimum teacher salaries by \$1,000 in FY 2007.
- Establishes an initiative to create market factor incentives for classroom teachers to improve salaries in response to geographic differences, recruitment and retention issues such as hard-to-staff schools, subject area shortages, and racial and ethnic diversity issues on local teaching staffs.
- Specifies that the school district shall have sole discretion in awarding the funds and that the funds shall supplement, but not supplant, wages and salaries paid as a result of a collective bargaining agreement.
- Specifies that the Department shall include market factor pay when reporting teacher salaries in the annual Condition of Education report.

### MARKET FACTOR SALARIES

## EXECUTIVE SUMMARY NOTES ON BILLS AND AMENDMENTS

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### PAY FOR PERFORMANCE PROGRAM

- Establishes a Pay for Performance Commission within the Executive Branch to design and implement a program and provide a study relating to teacher and staff compensation containing a pay-for-performance component. Specifies that the Legislative Services Agency (LSA), upon request, shall provide technical and administrative support.
- Requires the Commission to review such programs in both the public and private sector and design a program using both individual and group incentives. Specifies that at least half of the funding identified shall be designated for individual incentives.
- Requires the Commission to initiate demonstration projects in ten selected K-12 schools, beginning July 1, 2007, to test the effectiveness of the program. Requires the Commission to add 20 additional school districts as demonstration projects beginning July 1, 2008.
- Requires the Commission to submit an interim report by January 15, 2007; subsequent interim reports annually; and a final report six months after the completion of the demonstration projects. Specifies the reports shall be submitted to the Department of Education and the Chairpersons and Ranking Members of the Senate and House Education Committees.
- Requires that the Commission, in consultation with the Department of Education, implement the program statewide, including:
  - A system for tracking and measuring enhanced student achievement.
  - A pay-for-performance pay plan for teacher compensation, including salary adjustments directly related to enhanced student achievement. The plan must include performance standards identifying five levels of performance: superior, exceeds expectations, satisfactory, emerging, and in need of remediation. Individual salary adjustments will be provided only to teachers performing at the satisfactory level or above.
- Permits the LSA to use up to \$50,000 annually from the appropriation for the Pay for Performance Program to provide technical and administrative assistance to the Commission and to monitor the Program.
- Permits the Commission to use up to \$200,000 annually from the appropriation for consultation services in coordination with the LSA.
- Creates an Iowa Excellence Fund in the Office of the Treasurer of State to be administered by the Commission. Specifies that moneys remaining in the fund at the end of a fiscal year shall not revert. Permits the Commission to provide grants from the Fund for implementation of the program.
- Appropriates \$250,000 from the General Fund to the Department of Education for a Beginning Administrator Mentoring and Induction Program.
- Specifies that school districts shall receive \$1,300 per beginning administrator to cover the cost of a \$500 stipend per semester for a mentor, the costs of implementing a mentoring and induction plan, and the employer's share of contributions to federal Social Security and a qualifying retirement plan.

### BEGINNING ADMINISTRATOR MENTORING AND INDUCTION PROGRAM

## EXECUTIVE SUMMARY NOTES ON BILLS AND AMENDMENTS

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### INSTITUTE FOR TOMORROW'S WORKFORCE

### MISCELLANEOUS CHANGES TO THE CODE OF IOWA

#### **DIVISION II:**

#### STATEWIDE GRADUATION REQUIREMENTS

#### **DIVISION III:**

#### ADDITIONAL LEVY BUY-DOWN

- Requires the Institute for Tomorrow's Workforce to develop a plan to establish a new educational delivery system in Iowa. Requires the Institute to submit the plan to the General Assembly, the Governor, and the Department of Education by January 15, 2007. Requires that the plan be implemented unless rejected by the General Assembly and the Governor by June 30, 2007.
  - Requires school districts to have a teacher librarian licensed by the Board of Educational Examiners beginning July 1, 2006. Specifies that districts that have contracted with a media specialist or librarian prior to June 1, 2006, shall be considered in compliance until the individual leaves the employ of the district. Provides a waiver of this requirement, for up to two years, upon written request to the Department of Education.
  - Adds the evaluation of teachers against the Iowa teaching standards to the provisions of the Student Achievement and Teacher Quality Program.
  - Restricts the participation of Area Education Agency teachers in the Student Achievement and Teacher Quality Program to those providing direct instruction to students for at least half of their contracted time.
  - Adds teacher interns to the Student Achievement and Teacher Quality Program.
  - Appropriates \$130,000 from the General Fund to the Department of Education for FY 2007 to assist school districts with the implementation of statewide graduation requirements.
  - Amends the School Foundation Formula to create an Adjusted Additional Property Tax Levy that reduces property taxes for those school districts with the highest Additional Levy rates. The adjustment is applied to the Additional Levy portion of the regular program, school special education, and supplemental weightings costs funded at the State Cost Per Pupil level. Appropriates:
    - FY 2007 – \$6.0 million
    - FY 2008 – \$12.0 million
    - FY 2009 – \$18.0 million
    - FY 2010 and subsequent years – \$24.0 million
- FISCAL IMPACT: In FY 2007, 30 school districts will have the Additional Levy for the specified cost components reduced to a maximum rate of \$4.71 per \$1,000 of taxable valuation. The FY 2008 appropriation reduces 50 school districts to a maximum rate of \$4.50. The FY 2009 appropriation reduces 70 school districts to a maximum rate of \$4.36, and the FY 2010 appropriation will reduce 77 school districts to a maximum rate of \$4.31.

## EXECUTIVE SUMMARY NOTES ON BILLS AND AMENDMENTS

## HOUSE FILE 2792 ADDITIONAL EDUCATION FUNDING

### ENGLISH LANGUAGE LEARNERS

- Extends the supplemental weighting in the School Foundation Formula for the English Language Learner Program participation from three years to four years.

FISCAL IMPACT: The program extension is projected to cost \$3.3 million in General Fund State Foundation Aid and \$490,000 in property taxes in FY 2007.

### SCHOOL INFRASTRUCTURE LOCAL OPTION SALES TAX

- Prohibits counties without the School Infrastructure Local Option (SILO) sales tax from spending Local Option Sales Tax (LOST) funds for the benefit of school districts.
- Permits school districts in counties that have not enacted the SILO sales tax but do so before July 1, 2008, to receive their pro rata shares of all SILO sales tax collected in the counties for the first half of the duration approved by the voters. During the last half of the approved period, the amounts in excess of \$575 per pupil will be included in the pooled distribution from the Secure and Advanced Vision for Education (SAVE) Fund.

FISCAL IMPACT: This change affects Linn and Johnson counties. Implementation of a SILO sales tax is projected to raise \$34.0 million in Linn County and \$19.3 million in Johnson County in FY 2007.

### EQUITY IN PROPERTY TAXATION INTERIM STUDY

- Requests the Legislative Council establish a two-year Equity in Property Taxation Interim Study Committee to develop proposals to equalize school district property tax rates determined by the School Foundation Formula. The Committee is to be made up of Senators and Representatives from the Education Standing Committees and the Ways and Means Committees, persons from education associations, persons with urban and rural property tax interests, and persons from other interested associations or groups. Staffing is to be provided by the Department of Education and the Department of Management. The Committee must submit a report to the General Assembly by January 1, 2008.

### STATEWIDE GRADUATION REQUIREMENTS

- Requires the Department of Education to assist school districts with the implementation of statewide graduation requirements. Specifies that the Department will survey school districts regarding readiness for implementation and will review Iowa law and administrative rules for needed changes. Requires that the Department submit a report to the Chairpersons and Ranking Members of the Senate and House Education Committees and the Education Appropriations Subcommittee by January 1, 2007.

### INSTRUCTIONAL SUPPORT PROGRAM

- Legalizing action to permit school districts that have participated in the school board approved Instructional Support Program to continue to participate in FY 2007 if the school board adopts a resolution to do so by May 15, 2006, and no petition is filed for an election to approve or disapprove continuation of the Program.

FISCAL IMPACT: This change does not affect the General Fund appropriation for the Instructional Support Program. The legalizing act allows school districts that failed to renew their participation in the Program to continue to receive an allocation from the appropriation and to receive the associated property taxes and income surtaxes in FY 2007. Six school districts are affected by this legalizing act: Iowa Falls, Russell, Seymour, Walnut, Waterloo, and Winterset.

## **EXECUTIVE SUMMARY NOTES ON BILLS AND AMENDMENTS**

## **HOUSE FILE 2792 ADDITIONAL EDUCATION FUNDING**

### **EFFECTIVE DATES**

- Specifies that the Section of the Bill related to the Instructional Support Program takes effect on enactment.
- Specifies that the Sections of the Bill related to the Additional Levy property tax buy-down, the restriction on the use of Local Option Sales Tax (LOST) funds for school districts in counties without the School Infrastructure Local Option (SILO) sales tax and the distribution of affected SILO revenues take effect on enactment.
- Specifies that the Sections of the Bill related to the supplemental weighting for the English Language Learner Program take effect on enactment and are applicable to the school budget year beginning July 1, 2006, and succeeding budget years.

# Summary Data

## General Fund

H.F. 2792	Actual FY 2004 (1)	Actual FY 2005 (2)	Estimated FY 2006 (3)	House Action FY 2007 (4)	House Action vs Est FY 2006 (5)
Education	\$ 43,230,004	\$ 45,283,894	\$ 69,593,894	\$ 104,973,894	\$ 35,380,000
Unassigned Standing	\$ 0	\$ 0	\$ 0	\$ 9,300,000	\$ 9,300,000
Grand Total	<u>\$ 43,230,004</u>	<u>\$ 45,283,894</u>	<u>\$ 69,593,894</u>	<u>\$ 114,273,894</u>	<u>\$ 44,680,000</u>

# Education

## General Fund

H.F. 2792	Actual FY 2004 (1)	Actual FY 2005 (2)	Estimated FY 2006 (3)	House Action FY 2007 (4)	House Action vs Est FY 2006 (5)
<b>Education, Department of</b>					
<b>Education, Dept. of</b>					
Administrator Mentoring	\$ 0	\$ 0	\$ 0	\$ 250,000	\$ 250,000
<b>Grants &amp; State Aid</b>					
Student Achievement	43,230,004	45,283,894	69,593,894	104,593,894	35,000,000
Graduation Requirements	0	0	0	130,000	130,000
<b>Total Grants &amp; State Aid</b>	<u>43,230,004</u>	<u>45,283,894</u>	<u>69,593,894</u>	<u>104,723,894</u>	<u>35,130,000</u>
<b>Total Education, Department of</b>	<u>\$ 43,230,004</u>	<u>\$ 45,283,894</u>	<u>\$ 69,593,894</u>	<u>\$ 104,973,894</u>	<u>\$ 35,380,000</u>
<b>Total Education</b>	<u>\$ 43,230,004</u>	<u>\$ 45,283,894</u>	<u>\$ 69,593,894</u>	<u>\$ 104,973,894</u>	<u>\$ 35,380,000</u>



# Unassigned Standing

## General Fund

H.F. 2792	Actual FY 2004 (1)	Actual FY 2005 (2)	Estimated FY 2006 (3)	House Action FY 2007 (4)	House Action vs Est FY 2006 (5)
<b>Education, Department of</b>					
School Property Tax Equity	\$ 0	\$ 0	\$ 0	\$ 6,000,000	\$ 6,000,000
English as Second Lang.	0	0	0	3,300,000	3,300,000
<b>Total Education, Department of</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 9,300,000</b>	<b>\$ 9,300,000</b>
<b>Total Unassigned Standing</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 9,300,000</b>	<b>\$ 9,300,000</b>